

## Purpose

The Remuneration Policy of Tryg A/S (hereinafter referred to as "Tryg") is based on the rules in force in financial businesses, such as the Commission's delegated regulation (EU) 2015/35 of 10 October 2014 on supplementary rules to the European Parliament's and Council's directive 2009/138/EF on access to and exercising of insurance business and reinsurance business (Solvency II), order on Remuneration Policy and remuneration in insurance companies and insurance holding companies (the Remuneration Order / "lønbekendtgørelsen"), the Danish Companies Act etc.

The Remuneration Policy shall apply to Tryg in general and contains specific schemes for the Supervisory Board, the Executive Management and other employees in Tryg, whose activities have a material impact on the risk profile of the company (hereinafter referred to as Risk Takers) as well as employees in controlling and key functions.

The Remuneration Policy shall:

- be in accordance with and promote sound and efficient risk management which does not promote excessive risk taking,
- be in accordance with Tryg's business strategy, values and long-term objectives,
- conform with the principles of protecting customers and investors in connection with the execution of the business and include measures, which may prevent conflicting interests,
- ensure that the total payroll costs related to variable salary - which the company undertakes to pay - do not erode Tryg's opportunity to strengthen the capital base.

## Remuneration in general

Remuneration in Tryg shall ensure an appropriate and balanced combination of fixed and variable salary, predictable risks and value creation for the shareholders in both short and long term. As far as possible, the construction of remuneration must be simple and transparent and may not lead to any inappropriate acceptance of risk.

Also, the total remuneration shall be competitive and market conforming and thereby be adequately attractive in order to attract and maintain the right employees at all levels. Remuneration is based on individual agreement, collective agreement or what is otherwise practice in Tryg.

The variable pay components primarily reflect sustained and risk-adjusted results as well as results in excess of what may be expected in relation to the employee's relevant organisational responsibility and relevant work experience. Generally, both financial and non-financial goals may be part of the programmes. The financial goals are fixed in observance of Tryg's strategic and long-term goals.

## The Supervisory Board

Members of Tryg's Supervisory Board receive a fixed fee and are not part of any form of incentive programme. The remuneration (basic fee) of the Board members is fixed on the basis of the trends in peer

companies, taking into account the Supervisory Board members' required competencies and performance as well as the scope of Board work and the number of meetings.

The Chairman of the Supervisory Board receives a triple basic fee and the Deputy Chairman receives a double basic fee.

In addition to the basic fee, those Supervisory Board members who are also members of either the Audit Committee, the Risk Committee or the Remuneration Committee shall receive a remuneration fee for this. The Chairman of the respective committees receives 1½ times as much as the other members of the Committee in question.

Supervisory Board members, who are also members of the Nomination Committee, do not receive any remuneration fee for this.

The Annual General Meeting approves the remuneration of the Supervisory Board for the current financial year.

## The Executive Management

Tryg's Executive Management consists of the top executive officers, who are, at any time, registered at the Danish Business Authority as the Executive Management of Tryg A/S (hereinafter referred to as the Executive Management or individually as the "Executive General Manager").

Remuneration of the Executive Management is fixed by the Supervisory Board within the framework of the approved Remuneration Policy. The Supervisory Board performs an annual review of the remuneration of the Executive Management.

## Remuneration elements

The Executive Management receives a fixed pay and pension. The Supervisory Board may decide to supplement the fixed pay with a variable salary share up to 50% of the fixed pay, including pension at the time of allocation. The variable salary is allocated as a Matching Shares programme.

The purpose of the Matching Shares programme is partly to retain Executive Management members, partly to ensure a common financial interest between the Executive General Manager and the shareholders of the company.

In addition to the fixed pay, the Executive General Manager shall be entitled to a free company car in line with his or her position as well as other employee benefits at par with the market.

## Matching Shares (variable salary)

The Executive General Manager's possibility of participating in the Matching shares programme, and the size of the amount with which he or she may participate, depends on a result and performance assessment performed by the Supervisory Board of the effort made during the past year.

The Matching Shares Programme means that the member of the Executive Management, by use of taxed funds, may buy shares (“investment shares”) in Tryg A/S at market price for an amount decided by the Supervisory Board. The Executive General Manager may buy these investment shares during the open trading window after release of the Annual Report of the past year. With the purchase of investment shares the Executive General Manager is entitled to a number of Matching Shares, corresponding to the number of investment shares, which the Executive General Manager has bought.

The right to Matching Shares shall be conditional upon the Executive General Manager, for a period of four years after the purchase, not selling the investment shares and the fact that the Executive General Manager has been employed during the full period. (The vesting period). Where employment is terminated due to retirement or should the Executive General Manager be dismissed by Tryg, provided this is not due to any breach of contract, he or she shall keep the right to Matching Shares. With regard to the CEO a separate agreement has been made that should he resign his position after having been part of the Executive Management for more than 17 years, his position shall be equal to that of had he been terminated by Tryg. Should Tryg decide, during the Vesting period, to distribute dividend to the shareholders, an additional number of Matching Shares is allotted, corresponding to the value of the dividend, which the Executive General Manager would have received, where the Matching Shares were vested at the time, when dividend was distributed to the shareholders.

After expiry of the Vesting period (The time of Matching), the Executive General Manager receives a number of cost-free shares in Tryg A/S, corresponding to the number of Matching Shares the Executive General Manager has been allotted with addition of any further Matching Shares allotted on the basis of dividends distributed.

Shares allotted at the Matching Time may not be sold by the Executive General Manager until 6 months after the Matching Time.

Shares used for the Matching Shares Programmes may be obtained via share buy back or by using Tryg’s portfolio of own shares. Furthermore, the shares may be obtained by utilisation of the authorisation granted to the Supervisory Board in the Articles of Association to increase the share capital by issuing new shares.

### **Risk Takers**

The Supervisory Board shall assess and decide which employees are regarded as Risk Takers.

### **Remuneration elements**

Risk Takers are employed on a contractual basis and receive fixed salary and pension. The Executive Management shall determine all conditions regarding salary and employment with regard to the Risk Takers within the framework of the remuneration rules and the Remuneration Policy. However, this shall not apply to decisions made by the Supervisory Board regarding extraordinary bonus.

The Executive Management may decide to supplement the fixed salary with a variable salary share of up to 50% of the fixed basic pay, incl. pension at the time of allotment. In addition to the fixed pay, Risk Takers also receive other employee benefits in par with the market.

### **Variable salary**

The variable salary may be allotted in the form of a Matching Shares programme, shares, shares subject to conditions and/or cash payments. At least 50% of the variable salary share shall consist of a balance of shares or share-based instruments.

Allotment of variable salary shall be conditional upon a result and performance assessment performed by the Executive Management of the effort during the past year. That part of the variable salary, which is subject to postponement, shall be subject to a requirement of a postponement of at least 3 years with a 6 months withholding period with regard to the share-based elements of the remuneration.

Where the concrete allotment does not exceed the triviality limit of the Remuneration Order, the Executive Management may decide to disregard the requirement of at least 50 % of the variable salary consisting of a balance of shares or share-based instruments, and the fact that elements subject to postponement are subject to a requirement of a postponement of at least 3 years with a 6 months withholding period.

### **Controlling functions and key functions**

Employees in controlling and key functions, i.e. employees who work with compliance, internal audit, risk management and the actuarial function, may not receive any variable salary share, which is dependent on the result in that department, operational unit or area, of which said employee is performing a control.

The Head of Compliance, Head of Internal Audit, Head of Risk Management and Head of the Actuarial function shall receive a fixed pay and pension, but no variable salary.

In addition to the fixed pay, employees in controlling and key functions, including the Head of Compliance, Head of Internal Audit, Head of Risk Management and the Head of the Actuarial function shall receive other employee benefits in par with the market.

All conditions applying to employees in controlling and key functions are decided by the Executive Management or by the managers who the Executive Management has appointed, observing the framework of this policy. However, the salary of the Head of Internal Audit is decided by the Supervisory Board. The Remuneration Committee shall perform a control of the remuneration of the Head of Compliance, Head of Internal Audit, Head of Risk Management and the Head of the Actuarial function.

### **Variable salary (bonus) in extraordinary situations**

The Supervisory Board may, under extraordinary circumstances, decide to supplement the basic fee of the Executive Management and Risk Takers with a variable salary share (bonus) of up to 50% of the fixed basic fee, including pension at the time of allotment. Such an agreement shall be in accordance with, and promote, a sound and efficient risk management and otherwise observe the purpose of this Remuneration Policy.

Should the Supervisory Board so decide, the extraordinary bonus may consist of a Matching Shares programme, shares, shares subject to conditions or cash payments. No less than 50% of the bonus must consist of a balance of shares or share-based instruments.

Any agreement concerning extraordinary bonus pursuant to this provision shall result in a 3 year postponement for Risk Takers with regard to the elements subject to postponement and 4 years for the Executive Management with a 6 months withholding period with regard to the share-based elements of the bonus.

Under no circumstance may the aggregate variable salary (variable salary and extraordinary bonus) to the Executive Management or Risk Takers exceed an aggregate ceiling of 50% of the fixed basic fee, incl. pension.

### **Pension**

The pension schemes of the Executive Management and the Risk Takers shall be in accordance with Tryg's business strategy, values and long-term goals. The level of the pension contribution shall be fixed in par with the market.

### **Severance pay**

Severance pay to the Executive Management and the Risk Takers shall be in accordance with Tryg's business strategy, values and long-term goals.

Pursuant to the contract of employment, each member of the Executive Management is entitled to a notice of 12 months and 12 months' severance pay plus a pension contribution if Tryg terminates the employment. The CEO, however, is entitled to a notice of 12 months and 18 months' severance pay plus a pension contribution if Tryg terminates the employment.

Risk Takers are not subject to any agreement concerning severance pay. Overall, the rules of the Remuneration Order concerning severance pay shall apply.

### **Sign-on bonus**

When hiring for the Executive Management, the Supervisory Board may decide to make an agreement concerning sign-on bonus. The Executive Management may make a similar decision to make an agreement concerning sign-on bonus for Risk Takers.

A sign-on bonus may not exceed 50% of the fixed basic fee, incl. pension, for any Executive General Manager or Risk Taker. Also, it shall be limited to the first year of employment. The bonus may consist of matching shares, shares, shares subject to conditions, cash payments or a combination hereof. Depending on current legislation, the Supervisory Board or the Executive Management may decide to make the sign-on bonus conditional upon the Executive General Manager or the Risk Taker not being in a terminated position for up to one year after the starting date.

The sign-on bonus is not included in the calculation of the ceiling of variable salary and/or extraordinary bonus.

### **Backtesting and claw back**

Agreements on variable salary for the Executive Management and Risk Takers are in compliance with the rules of the Danish Financial Business Act and shall as such be subject to the following conditions:

- At the Matching or payment time, Tryg shall meet with current capital and solvency requirements,
- At this point in time, Tryg's financial situation has not deteriorated significantly compared with the time when the scheme was established,
- The criteria forming the basis of the calculation of the variable salary share are still fulfilled at the Matching or payment time,
- The recipient of variable salary shall not have participated in or been responsible for behaviour giving rise to significant loss or in any other way, by omission, not have observed proper requirements for suitability and integrity, and
- The recipient of variable salary shall pay back the variable salary in full or partially if the variable salary is paid out on the basis of information about results, which can be documented to be erroneous, and if the recipient is in bad faith.

### **Publication**

Tryg publishes information on Remuneration Policy and practice regarding the Supervisory Board, the Executive Management and Risk Takers on [www.tryg.com](http://www.tryg.com).

### **Control**

The Supervisory Board shall make sure that at least once a year a control is made that the Remuneration Policy is observed. Subject to a recommendation from the Remuneration Committee, the Supervisory Board shall make the detailed guidelines of the control. The result of the control is presented to the Supervisory Board.

The Remuneration Policy is subject to approval by the Annual General Meeting. The policy is reviewed annually by the Supervisory Board of Tryg and revised, if necessary. Where the Remuneration Policy is revised, any policy amendments shall be submitted to the Annual General Meeting for renewed approval.

The Remuneration Policy will be revised again during 2017, when more information is available about the rules of the remuneration order, effective date 1 January 2017.

As adopted at the Supervisory Board Meeting on 19 January 2017.